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# US cites lies; judge rules on Rewald's past

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**Honolulu, Hawaii** — The Ronald R. Rewald case is about a man who is "not telling the truth," the government said Wednesday as it launched its 98-count fraud, perjury and tax evasion case against the former Milwaukee businessman.

After Rewald came to Hawaii in 1977, he did not tell the truth about his conviction for theft in Wisconsin in 1976, or about his bankruptcy there the same year, Asst. US Atty. John Peyton said in his opening argument.

Federal Judge Harold M. Fong ruled Wednesday that Rewald's conviction record and Wisconsin history could not be used to show that he had criminal intent in Hawaii.

His theft conviction and bankruptcy can be brought up only to demonstrate that he did not reveal them to investors in his Hawaiian company and to regulators.

Peyton also said that Rewald did not tell the truth when he claimed his company, Bishop, Baldwin, Rewald, Dillingham & Wong — established in 1978 — had been in existence for decades.

It was another Rewald lie that he held law and business degrees from Marquette University, Peyton said.

Rewald did not tell the truth to John (Jack) Kindschi, once Honolulu's CIA station chief, later an investor and consultant in Rewald's firm, and now a resident of Madison, Wis., and a key witness in the trial, the government said.

And, the government said, Rewald did not tell the truth to hundreds of other investors like Nancy Petersen, of 1568 S. 17th St., Milwaukee, who was convinced that she had nearly \$150,000 in her investment account in 1982.

Like many others in Wisconsin, California and Hawaii who were attracted by promises of 26% interest, Petersen lost money when Rewald's firm collapsed in July 1983.

Petersen is among more than a dozen Wisconsin residents who may be called as witnesses in the case.

Officials who examined the company found only \$300,000 in assets left from \$22 million in investor funds, Peyton said.

One quarter of the money was spent by Rewald on himself, for polo ponies, dating women, cars, houses, ranches, works of art and other expenses, Peyton said.

About \$10 million had gone back to investors, and nearly all the rest had been spent to run a bogus firm that had grown to 50 employees, Peyton said.

Behind the facade of fancy furniture, office waterfalls and busy consultants was an enterprise which "didn't do anything but take in people's money," Peyton said.

The firm, he said, was a giant scheme in which the first investors were repaid with money from the

next ones, until there were not enough new investors left to carry the load.

Rewald's claim that the CIA set up Bishop, Baldwin and directed its operation also was a lie, Peyton said.

It was true that the CIA reimbursed the company about \$2,800 for about \$3,100 in \$15 monthly telephone bills and \$40 monthly Telex bills and \$45 worth of stationery over a five-year period, Peyton said.

Those items were used by CIA agents operating under "commercial cover."

But Rewald's other statements about CIA connections were first a clever device to keep company employees in the dark, next a desperate attempt to block an Internal Revenue Service investigation, and finally, an alibi for fraud, Peyton said.

Rewald's attorneys will lay out his defense to the charges in their opening argument Thursday.